

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5143-04  
Bill No.: HB 1637  
Subject: Banks and Financial Institutions; Tax Credits  
Type: Original  
Date: February 15, 2012

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Bill Summary: This proposal recognizes gold and silver as legal tender.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of State Courts Administrator** state this proposal has no fiscal impact on the Courts.

Officials from the **Department of Economic Development, Department of Insurance, Financial Institutions and Professional Registration, State Tax Commission, and Office of State Treasurer** state this proposal will have no fiscal impact on their respective agencies.

Officials from the **Joint Committee on Administrative Rules (JCAR)** stated this proposed legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** state this proposed legislation should not result in additional costs or savings to BAP.

BAP states this proposal could result in an unknown decrease to general and total state revenues due to:

- A sales and use tax exemption on the exchange of gold and silver coins for another form of legal tender
- A state individual and corporate income tax deduction for capital gains on the exchange of gold and silver coins for another form of legal tender

Officials from the **Department of Elementary and Secondary Education** assume the tax

ASSUMPTION (continued)

subsidies would reduce the state's tax revenues and decrease the amount of money available for public schools and all public school students.

Officials from the **Department of Revenue** assume the tax deduction and sales tax exemption may result in an unknown amount of reduced total state revenue.

§143.111

This section of the proposal adds subdivision (6) that allows a deduction for any capital gains income included in Missouri adjusted gross income from the exchange of gold or silver under subsection 3 of §408.010.

§408.010

The exchange of gold and silver coins issued by the federal government for another form of legal tender is exempt from state and local sales and use taxes, as defined in §32.085, §238.235, §144.010 to 144.525, and §144.600 to 144.761, and state individual and corporate income taxes under chapter 143, excluding withholding tax imposed by §143.191 to 143.265.

DOR assumes the OA-ITSD portion of fiscal impact is estimated at \$13,356 for programming cost, calculated on 504 FTE hours.

**Oversight** assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume the changes outlined in §408.010.2 (4) would severely hinder the ability of the Division of Employment Security (DES) to identify and collect delinquent employer taxes, to prosecute individuals who have committed unemployment insurance (UI) fraud, and to collect overpaid UI benefits.

As a result of this proposal, the DES would require additional staff at an unknown cost, but more than \$100,000, to the Unemployment Compensation Administrative Fund that the DES receives to administer the UI program. Additionally, the Missouri's UI trust fund, which is used to pay unemployment benefits, would experience an unknown reduction, but at least \$2.5 million, because this proposal would significantly impede the DES ability to collect delinquent taxes and

ASSUMPTION (continued)

overpayments.

**Oversight** assumes losses affecting the Unemployment Compensation Administrative Fund and UI Trust Fund are speculative and the proposal does not prohibit the agency from entering into agreements for the collection of delinquent taxes and overpayments.

Officials from the following local law enforcement agencies stated this proposed legislation will have no fiscal impact on their respective agencies: **Jefferson City Police Department, Boone County Sheriff's Department; Springfield Police Department.**

**This proposal could decrease Total State Revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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**GENERAL REVENUE**

<u>Loss</u> - Individual and corporate income taxes and sales and use taxes due to exemption for gold and silver used as legal tender	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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**LOCAL POLITICAL SUBDIVISIONS**

<u>Loss</u> - Local sales and use taxes due to exemption for gold and silver used as legal tender	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
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### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### FISCAL DESCRIPTION

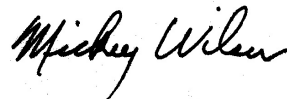
This proposed legislation establishes the Missouri Sound Money Act of 2012 which changes the laws regarding legal tender. Among its provisions, the proposal:

- Exempts the exchange of gold and silver coins issued by the federal government for another form of legal tender from state and local sales and use taxes and state individual and corporate income taxes, excluding withholding tax imposed by §143.191 to 143.265, RSMo;
- Prohibits the composition of a person's monetary holdings, including those on deposit with any nonbank depository, from being disclosed, searched, or seized except upon strict adherence to due process safeguards.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration  
    Division of Budget and Planning  
Office of State Courts Administrator  
Department of Economic Development  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Revenue  
Joint Committee on Administrative Rules  
Office of Secretary of State  
    Administrative Rules Division  
Office of State Treasurer  
State Tax Commission  
Department of Labor and Industrial Relations  
Local Law Enforcement  
    Jefferson City Police Department  
    Boone County Sheriff's Department  
    Springfield Police Department



Mickey Wilson, CPA  
Director  
February 15, 2012